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C O N F I D E N T I A L SECTION 01 OF 03 ADDIS ABABA 001870

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SUBJECT: ETHIOPIA: MELES ENGAGES PARLIAMENT IN FINAL
SESSION BEFORE RECESS

REF: CHARGE D'AFFAIRES VICKI HUDDLESTON. REASON: 1.4(D)

11. (SBU) SUMMARY. In his final address to parliamentarians prior to their summer recess, Prime Minister Meles Zenawi gave a wide-ranging overview of his government's accomplishments and the political and economic progress in Ethiopia over the last year. He highlighted that the recent multi-party dialogue that took place between the GoE and the primary opposition parties on parliamentary procedural reform was a significant step toward strengthening inter-party working relationships. Meles promised to continue the dialogue on the media environment and reform of the National Electoral Board (NEB) during the recess with a view toward presenting legislation to Parliament when it resumes in October. In response to parliamentarians' requests that the detained Coalition for Unity and Democracy (CUD) leadership be released, the PM declined to intervene in legal matters and recalled the GOE's efforts to negotiate with the CUD prior to the outbreak of violence. Meles reassured parliamentarians that although Eritrean subversion and the Union of Islamic Courts (UIC) represented threats to Ethiopia, the Ethiopian military was prepared to handle them. Speaking on economic issues, Meles reported that over the last year the Ethiopian economy had grown by 8.55 percent and exports had increased by 20 percent. He acknowledged that inflation had risen to 12.4 percent, which many parliamentarians claimed was hurting their constituents. Comment: Opposition MPs are not yet offering a strong, coherent challenge to the ruling party on economic issues, but the frank exchanges in the chamber and successful revision of procedures demonstrate that Ethiopia's Parliament has made great strides in the past year. END SUMMARY.

INTER-PARTY DIALOGUE BEARS FRUIT

12. (U) Meles highlighted the achievements to date of the dialogue that the ruling Ethiopian Peoples Revolutionary Democratic Front (EPRDF) had maintained with parliamentary opposition parties on reforms to parliamentary procedures recommended by international experts. He claimed that in these talks, his government had agreed to changes even beyond those requested by the opposition. (Note: Parliament approved the package of changes on July 5 (septel) End Note.) The Prime Minister also stated that further inter-party discussions on reforms to the National Election Board (NEB) and the media law would take place during the Parliament's recess with a view toward presenting legislation to Parliament when it resumes in October. Meles praised

parties for their willingness to engage in dialogue and he stressed that this cooperation forms the basis of the democratic system. The GOE also received parliamentary approval for an extension of the mandate of the current NEB through November of 2006, by which time Meles said he expected to consult opposition leaders on the appointment of a new board. Some opposition MPs expressed frustration that inter-party dialogues had not yet dealt with the media and the NEB, and some voted against the renewal of the current mandate.

13. (U) Several opposition party leaders expressed appreciation for the EPRDF's willingness to engage in dialogue and indicated that it marked a significant step in the right direction. They reaffirmed a willingness to further engage with the GoE to discuss reforms to the NEB and media law in the fall. At the same time, other MPs complained that repression of opposition activists and supporters continued in the countryside and complained that agreed-upon inquiries into these problems had not yet materialized.

CUD TRIAL REMAINS POINT OF CONTENTION

14. (U) Meles noted that the previous year had been marked by political difficulty and that certain individual politicians (meaning the jailed CUD leadership) had resorted to violence and rebellion. He pointed out that prior to the outbreak of violence, the government went out of its way to solve the matter through dialogue, but ultimately, in order to maintain

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law and order, had to take legal action against these individuals.

15. (U) Many opposition MPs denounced the continuing detention of leadership of the Coalition for Unity and Democracy (CUD) and asked the government to set them free. CUDP whip Temesgen Zewdie argued that by the CUDPs joining parliament and engaging in dialogue with the EPRDF, it had invested in peace and is now waiting for a dividend. Meles responded that the GoE had learned lessons as a result of the actions of violent leadership of the CUD last year and that it not permit such unrest to happen again. He claimed the Diaspora CUD (which he said was in league with the jailed CUD members) had closed ranks with the Eritrean government -- a very serious issue. The PM stated that he would not intervene in the trial of the CUD leadership and that the judicial process must be allowed to run its course. Charges against the CUD leaders demonstrate that those who cause damage will be punished and that no political leaders are above the law. He further pointed out that the GoE tried to negotiate with the CUD, but then the violence of last year happened, and as the Americans say, "You break it, you bought it."

ETHIOPIA PREPARED TO HANDLE BORDER THREATS

16. (U) On foreign affairs, Meles stressed that the good relations that Ethiopia enjoys with neighbors Sudan, Djibouti and Kenya, were essential. He pointed out that though there were occasional disputes between local villages on the Ethiopian/Kenyan border, this was not an issue that disrupted the good relations between the two governments. He offered a much less positive assessment of Ethiopia's relations with its other two neighbors, Eritrea and Somalia. He praised the USG efforts in attempting to broker peace and stability between Ethiopia and Eritrea, but complained that the process has been shut down because the Eritrean government has not shown an interest in peace. He further pointed out a recent United Nations report which accuses Eritrea of supplying arms to the Union of Islamic Courts (UIC) in Somalia, as well as other dissident groups within Ethiopia. He called the GSE a Q

mentor to radicals and terrorists.Q He also reiterated the GOEQs claim that the bombs that exploded in Addis Ababa in early 2006 were due to the alliance between Eritrea and rebel groups within Ethiopia. Regarding Somalia, Meles said that not all supporters of the UIC were fundamentalists, and that Ethiopia supports the internationally-recognized Transitional Federal Government (TFG) as well as the African Union and IGAD proposal to deploy a peace support mission in Somalia. CUDP MP Mulualem Tarekegn suggested that continuing domestic discontent in Ethiopia would wear down the countryQs ability to defend itself against external threats. Meles answered that there was nothing to worry about on this score.

ECONOMY STRENGTHENS BUT INFLATION HURTING POOR

¶7. (U) Meles was upbeat in highlighting EthiopiaQs economic performance, pointing out that over the prior 11 months the GDP had grown 8.5 percent and that the GOE was targeting 7-10 percent growth over the next few years. He also reported 20 percent growth in exports over the same period, which was above expectations. On the downside, Ethiopia had registered a 12.4 percent inflation rate; the Prime Minister also forecasted a budget deficit of approximately \$850 million.

¶8. (U) Many opposition members expressed approval of the countryQs overall economic performance but complained about high commodity prices, particularly those of grain and cement. They pointed out that rising prices of these basic products made life very difficult for average Ethiopians and hampered further economic growth. The CUDP's Temesgen Zewde asked Meles why the GoE had not intervened to fight inflation. Meles explained that rapid growth of the economy had simply increased demand for these products Q a normal market reaction Q and that the market would respond eventually by producing more. Meles wryly noted that CUDP MPs, supposedly the defenders of orthodox economic policy, were less than coherent in their arguments. Opposition members asked why the GoE had not helped the 3,000 business owners that had gone bankrupt in the last 4 years, to which

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Meles responded that there is nothing that a government can do short of paying off their debts, which he said his government would not do.

AUDITOR'S REPORT SPARKS DEBATE ON FEDERALISM

¶9. (C) CUDP MP Mulualem Tarekegne and other MPs raised the report offered to Parliament several weeks earlier by Ethiopia's independent Auditor General. They claimed that the report showed that there had been no accountability for over \$600 million in transfers from the federal government to Ethiopia's regional governments. Opposition parliamentarians questioned why no report had been made on how this money had been spent. PM Meles reacted with particular vehemence to these criticisms, claiming that the Auditor General had exceeded his constitutional mandate in calling for accounting of these funds. Regions enjoyed complete autonomy and entitlement concerning this money -- they could burn it if they so chose -- and the federal government had no role in its oversight. Jalal Abdul Latiff (protect), a senior Ethiopian World Bank expert, told the Charge later that this debate was a manifestation of the continuing tension between the ruling party's vision of ethnic federalism and the CUDP's concept of a strong, unitary Ethiopian state.

COMMENT: Parliament Progressing, Opposition Needs Help

¶10. (C) It is both remarkable and encouraging to see the evolution of the Ethiopian House of People's Representatives

over the past year. It has gone from an institution boycotted and de-legitimized by the jailed CUD leadership to a functioning and lively forum for debate populated by over 150 of the 172 opposition MPs elected to serve there. The adoption of a package of reforms to parliamentary structures and procedures (septel) in the Parliament's last week, while not as ambitious as some parties hoped, nonetheless provided an encouraging ending to the legislative session. Also encouraging was the increasing level of media and public attention to parliamentary debates.

¶11. (C) A dozen different opposition MPs challenged different aspects of the PM's year-end presentation. Though some questions posed were well conceived, many reflected the limited understanding of economics and other policy issues, as well as a lack of political focus, among opposition MPs generally. (No doubt the same is true of most backbench EPRDF MPs as well.) A group of knowledgeable civil society leaders gathered July 6 at the Charge's residence agreed that while MPs were able to speak freely, no opposition leader had effectively challenged the well-informed and articulate Meles on issues where the PM was vulnerable. One journalist noted that for many Ethiopians, it had become obvious that the opposition's most able leaders were not in Parliament, but rather in jail.

¶12. (C) The sometimes disappointing performance of opposition MPs points to the need for increased capacity-building, both in terms of hiring staff and improving party organizations, as well as in terms of increased training and briefings on substantive issues. Current opposition MPs have both the inclination and potential to engage in serious debate; international donors are already developing programs to help them. Of course, freeing and reincorporating detained CUD MPs into the democratic system eventually would provide the ultimate boost to parliament's legitimacy.

HUDDLESTON